

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 04 SANTO DOMINGO 001319

SIPDIS

SENSITIVE

STATE FOR WHA, WHA/CAR, WHA/PPC, WHA/USOAS, AND DRL
NSC FOR SHANNON AND MADISON ;
LABOR FOR ILAB; DHS FOR CIS - CARLOS ITURREGUI
TREASURY FOR OASIA-LAMONICA (SEE PARA 1, SUB-PARAS 3-5, 7)
USDOC FOR 4322/ITA/MAC/WH/CARIBBEAN BASIN DIVISION
USDOC FOR 3134/ITA/USFCS/RD/WH

E.O. 12958: N/A

TAGS: [PGOV](#) [EFIN](#) [ENRG](#) [DR](#)

SUBJECT: DOMINICAN ELECTIONS #25: MEJIA'S
STATE-OF-MY-CAMPAIGN SPEECH

REF: A. (A) SANTO DOMINGO 1300

1B. (B) SANTO DOMINGO 1299 (NOTAL)

11. (SBU) This is number 25 in our series on the Dominican presidential election:

PRESIDENT MEJIA'S PUGNACIOUS CAMPAIGN SPEECH ON NATIONAL DAY

In his ceremonial annual address to Congress on Independence Day February 27, President Mejia came off more as a feisty election campaigner on the defensive (Ref A) than as a statesman. Preoccupied with domestic problems, he omitted any discussion of foreign policy issues, even Haiti. He jabbed at front-runner and former president Leonel Fernandez (PLD), offering voters a choice between an "uncertain, hesitant" former president ruling on behalf of "a few insensitive businessmen" and his own firm hand on the tiller, steering a course through stormy seas for the good of all Dominicans including the poor. Mejia (PRD) justified his controversial re-election bid as necessary to complete his program and avoid "ungovernability" under a PLD successor who would be confronted by a PRD-dominated Congress and municipalities until 2006.

Senate President Jesus Vasquez delivered a short opening of the event, describing the Senate's upcoming program and institutional reforms before introducing Mejia (septel). Vasquez used a U.S.-style teleprompter that allowed him to maintain eye contact with the public and the Congress. In contrast, Mejia stood at the middle of the long table, reading from a sheaf of papers -- appearing much of the time to be addressing his belt buckle. Mejia's delivery was confident and emphatic throughout.

New Proposals

The President promised "in coming days" legislative proposals to modernize government, called for a "well articulated and widely agreed" tax reform balancing economic efficiency and social justice, and announced formation of a presidential advisory council of private sector leaders on economic and social issues. He subsequently named seven prominent business owners/executives, chaired by himself, to formulate national development policies.
Economic Tribulations

Mejia began by reciting reasons for the Dominican Republic's poor economic performance under his mandate: the U.S. economic slowdown, the 9/11 terrorist attacks, rising petroleum prices, uncertainty provoked by the conflicts in Afghanistan and Iraq, and a fall in foreign investment due to economic problems elsewhere in Latin America. He said the IMF had estimated these external shocks cost the nation US \$2.35 billion in 2001-2002. Most of these effects subsided by early 2003, but then the "unexpected" collapse of three commercial banks dashed hopes for recovery. This "time bomb, hidden and cunning," had been ticking since his (unnamed) predecessor's administration.

Mejia accepted full responsibility for his decision to compensate fully all depositors. He maintained this was on advice from GODR monetary authorities and "experts of the international financial institutions," to prevent contagion to all the banks and "a consequent collapse of the nation's system of payments." Had he refused this assistance, hundreds of thousands of small depositors and businesses would have lost their life savings, he said. Among the losers would have been depositors of 19 savings and loan institutions, other commercial banks, and pension plans that had big accounts in the failed banks totaling nearly RD \$3 billion (about US \$60 million). "My decision avoided catastrophe," he asserted.

Rolling blackouts in the nation's electric utilities, Mejia said, had resulted from monetary effects of the banking crisis. He had re-nationalized two electrical distributing companies to prevent a collapse of electricity supply to 2 million Dominicans, after the private owners (Union Fenosa, a Spanish firm) refused to invest needed capital. Mejia blamed the situation on the privatization model adopted by the previous Fernandez government and its investments in inefficient generating plants. He also defended his decisions to resume price subsidies for electricity and cooking gas, cushioning the impact of the Dominican peso's devaluation on consumers.

Social/Infrastructure Projects

In a more positive vein, the President highlighted his administration's investment of more than RD \$150 billion (US \$3 billion) over the past three years in education, health, nutrition, housing, and infrastructure, which he said had been equitably distributed to all provinces and localities, including the poorest rural areas. He cited programs to install potable water facilities, provide subsidized food to low-income citizens, improve agricultural production, encourage reforestation and fruit exports, reduce dependence on agricultural imports, provide 1.6 million school lunches daily, build sports facilities for the Pan American Games and Dominican youth, create a social security system, provide incentive payments for mothers to bring their children to school and health checkups, and build 350,000 housing units.

An Ugly Partisan Tone

Mejia attacked his electoral opponent Leonel Fernandez repeatedly, without ever naming him. Opponents of Mejia's financial decisions were "the privileged, whose savings are in dollars offshore." He blamed the previous government for failed privatization of the electricity sector, for creating an incoherent structure and for concluding costly, unworkable contracts for generation.

Using an elaborately clumsy but effective metaphor, Mejia declared he had changed his mind on re-election because the nation's sea of troubles convinced him not to leave the helm in "uncertain, sweaty and trembling hands, that had already shown hesitations and fears in the past when it was their responsibility to govern during the period that engendered this crisis. . . and even more so, since that captain, the same one who wrecked the ship four years ago despite the favorable winds, cannot command a sufficient crew in the chambers that are responsible for accelerating the vessel or changing direction during this perilous voyage." He concluded with an aggressive series of comparisons of the mass-membership PRD with the "others" whose platform "is based in purple magic, the return of the swallows to a land of enchantment that never existed." Mejia asserted that he was governing "like a man" (con hombría). His opponents offered ungovernability, "promising the impossibles and betting on illusions, clinging to an irresponsible populism that promises that everything -- even the price of admission to heaven -- will be less expensive. They are willing to offer anything in order to get votes and to gain their objective of administering public goods for the benefit of the privileged." He wound up his rant against the PLD and in favor of his own PRD by citing St. John -- "You shall know the truth and the truth shall set you free."

What Mejia Didn't Say

Mejia failed to refer to the Dominican Republic's Independence Day or founding fathers -- raising eyebrows among press commentators who pointedly noted the Ambassador's February 25 address to the American Chamber of Commerce quoting ideas from independence leader Juan Pablo Duarte.

Mejia said nothing about the conflict in neighboring Haiti, free trade negotiations, his reinforcement of border security, or the Dominican troop contribution to Operation Iraqi Freedom. He promised "reforms capable of re-establishing confidence," including fiscal reform, but did not otherwise mention the recent IMF agreement. He promised to represent the poor and to improve their lot, but blamed soaring prices on "the abusive behavior of speculators."

He passed up the opportunity to reassure his listeners that the presidential election process would be free, fair, and transparent, amid unabated concerns about the PRD-dominated election board. He referred briefly to fellow PRD leaders who had challenged him for the party's nomination, but did not acknowledge Vice President Milagros Ortiz-Bosch's announcement the previous day that she had withdrawn and left her supporters free to back any candidate.

What the Critics Said

- - - - -
Opposition leaders and some editorialists dismissed the speech as partisan and low-ball. Fernandez took Mejia's bait and punched back with ad-hominem fury at a February 28 rally, characterizing the current government as "inept, mediocre, and incompetent," its officials as "functional illiterates," and Mejia as "unthinking, impulsive, emotional, and imprudent." "What he lacks is the brain mass needed to understand current problems." Fernandez accused the President of attempting to pack the Supreme Court with PRD judges before leaving office (Ref B).

Mudslinging season has commenced, but so far neither candidate has published an election platform -- a lack noted formally by the Catholic bishops' conference on February 21 and by the Ambassador in his February 25 speech.

At the Independence Day mass following the speech, Mejia heard a homily by Monsignor Francisco Jose Arnaiz -- top adviser to Cardinal Archbishop Nicolas de Jesus Lopez Rodriguez, a frequent Mejia critic -- calling on the authorities to "dispel all doubt" that the election would be clean and its result would accurately reflect the vote.

12. (U) Drafted by Bainbridge Cowell.

13. (U) This report, other election pieces and other material are available on the Santo Domingo SIPRNET site:
<http://www.state.sgov.gov/p/wha/santodomingo/index.cfm>
KUBISKE